

# House Study Bill 157 - Introduced

HOUSE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
AGRICULTURE BILL BY  
CHAIRPERSON GRASSLEY)

## A BILL FOR

- 1 An Act providing for a cow-calf credit and refund, providing
- 2 for an appropriation, and including applicability
- 3 provisions.
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1     Section 1. NEW SECTION.   **422.120 Definitions.**

2     As used in this division, unless the context otherwise  
3 requires:

4     1. "*Cow-calf operation*" means an animal feeding operation as  
5 defined in section 459.102 that is located in this state and  
6 that keeps qualified cattle.

7     2. "*Cow-calf refund claim*" means a cow-calf credit  
8 calculated as provided in section 422.121 and claimed as a  
9 refund pursuant to section 422.123.

10    3. "*Credit*" means the cow-calf credit as provided in section  
11 422.121.

12    4. "*Qualified cattle*" means any of the following:

13     a. A mature beef cow bred or for breeding.

14     b. A bred yearling heifer.

15     c. A breeding bull.

16    Sec. 2. NEW SECTION.   **422.121 Cow-calf credit — allowed —**  
17 **calculation.**

18    1. There is allowed a state credit for cow-calf operations  
19 located in this state. The credit calculated under this  
20 section shall be filed with the department as a cow-calf refund  
21 claim pursuant to section 422.123.

22    2. A taxpayer claiming the cow-calf credit must calculate  
23 the taxpayer's qualifying taxable income.

24     a. The credit shall be available to an individual or  
25 corporate taxpayer if the taxpayer's federal taxable income is  
26 not more than one hundred forty-four thousand three hundred  
27 fifty-eight dollars for the tax year. In the case of married  
28 taxpayers, their combined federal taxable income shall be not  
29 more than that same amount for the tax year.

30     b. For each subsequent tax year, the maximum taxable income  
31 amount specified in paragraph "a" shall be multiplied by the  
32 cumulative index factor for that tax year. "*Cumulative index*  
33 *factor*" means the product of the annual index factor for the  
34 2014 calendar year and all annual index factors for subsequent  
35 calendar years. The cumulative index factor applies to all tax

1 years beginning on or after January 1 of the calendar year for  
2 which the latest annual index factor has been determined.

3     *c.* The annual index factor for the 2014 calendar year is  
4 one hundred percent. For each subsequent calendar year, the  
5 annual index factor equals the annual inflation factor for  
6 that calendar year as computed in section 422.4, subsection 1,  
7 paragraph "a", for purposes of the individual income tax.

8     3. *a.* The amount of the credit equals eleven dollars and  
9 fifteen cents for each head of qualified livestock kept as part  
10 of the cow-calf operation.

11     *b.* In calculating the cow-calf credit as provided in  
12 paragraph "a", only those qualified cattle that are kept at the  
13 cow-calf operation on July 1 through December 31 of the tax  
14 year are counted.

15     4. If the cow-calf operation is carried on partly within and  
16 partly outside the state, the portion of the cow-calf operation  
17 attributable to this state shall be determined pursuant to  
18 rules adopted by the department. The department may adjust the  
19 allocation upon request of the taxpayer in order to reflect the  
20 actual cow-calf operation carried on within this state.

21     5. A person who fraudulently claims a cow-calf credit under  
22 this section shall forfeit any right to be paid for a refund  
23 claim or interest on a refund claim as provided in section  
24 422.123 in subsequent tax years.

25     Sec. 3. NEW SECTION. **422.122 Appropriation — limitation.**

26     There is appropriated annually from the general fund of the  
27 state four million dollars to refund cow-calf credits allowed  
28 under section 422.123.

29     Sec. 4. NEW SECTION. **422.123 Refund of eligible cow-calf**  
30 **credit claims.**

31     1. A taxpayer may file a cow-calf credit refund claim as  
32 calculated pursuant to section 422.121.

33     2. Each tax year the total amount paid to taxpayers filing  
34 eligible cow-calf credit refund claims as calculated pursuant  
35 to section 422.121 shall not exceed the amount appropriated by

1 the general assembly pursuant to section 422.122.

2     *a.* If the total dollar amount of refund claims exceeds that  
3 appropriated amount, each refund claim shall be paid an amount  
4 equal to the appropriated amount divided by the total number of  
5 refund claims. However, a taxpayer shall not be paid an amount  
6 that exceeds the taxpayer's refund claim. Remaining moneys  
7 shall be prorated among those refund claims not paid in full in  
8 the proportion that each such claim bears to the total amount  
9 of such refund claims not paid in full.

10     *b.* In the case where a taxpayer's refund claim is not paid  
11 in full, the amount of the refund claim to which the taxpayer  
12 is entitled to be paid is the amount computed in paragraph  
13 "a", and paid to the taxpayer. The taxpayer is not entitled  
14 to be paid for any unpaid portion of a refund claim and is not  
15 entitled to carry forward or backward to another tax year any  
16 unpaid portion of a refund claim.

17     *c.* A taxpayer shall not use a paid refund claim as an  
18 estimated payment for the succeeding tax year.

19     3. A taxpayer must file a cow-calf credit refund claim  
20 within ten months from the last day of the taxpayer's tax year.  
21 An extension for filing shall not be allowed.

22     *a.* The department shall determine by February 28 of the  
23 calendar year following the calendar year in which the refund  
24 claims were filed if the total amount of refund claims exceeds  
25 the amount appropriated pursuant to section 422.122.

26     *b.* If a refund claim is not payable on February 28 because  
27 the taxpayer is a fiscal year filer, the claim shall be  
28 considered as a claim filed for the following tax year.

29     4. A refund claim shall be made on forms made available  
30 by the department and filed in a manner and according to  
31 procedures required by the department. In order for a taxpayer  
32 to have a valid refund claim, the taxpayer must supply legible  
33 copies of documents as determined necessary by the department  
34 to verify the refund claim's accuracy.

35     Sec. 5. APPLICABILITY. This Act applies to tax years

1 beginning on or after January 1, 2014.

2 EXPLANATION

3 BACKGROUND. In 1996, the general assembly enacted SF  
4 2449 (1996 Iowa Acts, chapter 1197) which in part provided  
5 a livestock production tax credit not to exceed \$3,000 per  
6 operation in total for a tax year. The tax credit was made  
7 available to an individual or corporate taxpayer and was  
8 computed by multiplying 10 cents times the amount of corn or  
9 corn equivalents consumed by the livestock in the production  
10 operation. For example the corn equivalency for cow-calf  
11 operations (mature beef cattle bred or for breeding, bred  
12 yearling heifers, and breeding bulls) equaled 111.5 (10 cents  
13 x 111.5 = \$11.15). The Act also included a standing limited  
14 annual appropriation of \$2 million to support the tax credit.  
15 The tax credit was not used to directly reduce the taxpayer's  
16 income tax liability but instead was used to calculate the  
17 amount of a refund paid to the taxpayer who filed a refund  
18 claim with the department of revenue. The Act also included  
19 procedures for use by the department to prorate refund claim  
20 amounts in case the annual appropriation was not sufficient  
21 to satisfy all claims. In addition, the Act provided that  
22 it would be used only to support cow-calf operations for the  
23 current tax year. In 1997, the general assembly enacted HF  
24 726 (1997 Iowa Acts, chapter 206), which provided that the  
25 tax credit would only apply to such operations. In addition  
26 the Act replaced a maximum threshold net worth requirement  
27 for tax filers with a federally taxable income threshold  
28 equaling \$99,600 for tax year beginning January 1, 1997, and  
29 automatically adjusted each year for inflation. In 2009, the  
30 general assembly enacted SF 478 repealing the tax credit (2009  
31 Iowa Acts, chapter 179).

32 BILL — RESTORATION OF THE COW-CALF CREDIT. This bill  
33 specifically provides for a cow-calf operations credit based  
34 on the provisions in the 1996 legislation establishing the  
35 livestock production tax credit. The income threshold for

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1 qualifying taxpayers is increased to not more than \$144,358,  
2 as adjusted each year for inflation. The standing limited  
3 appropriation is increased to \$4 million. However, the same  
4 method is used for calculating the payment of eligible refund  
5 claims when the total amount of such claims exceeds the  
6 appropriated amount. The new cow-calf credit applies to tax  
7 years beginning on or after January 1, 2014.